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ALFA LAVAL (M) SDN BHD

v.

NG AH HAI & ORS

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HIGH COURT MALAYA, KUALA LUMPUR
RAMLY ALI J
[SUIT NO: (IP) D5-22-12-2008]
27 MAY 2008

C ***TRADE MARKS:*** *Passing off - Allegation of - Functional designs of product - Whether could form the basis for a valid distinctive get up for passing off - Whether functional or utilitarian characteristics of an article of manufacture protectable under passing off law - Whether plaintiff showed goodwill in respect of the distinctiveness of these functional* D *attributes*

COPYRIGHT: *Infringement - Computer program - Whether defendants have copied essential elements of plaintiff's CAS program's structure, sequence and organization - Whether there was evidence the defendants* E *had unlawfully reproduced or copied the plaintiff's user guides and manuals qualitatively or distributed infringing copies to the public by sale or other transfer of ownership - Whether copyright infringement established*

CONTRACT: *Breach - Terms - Allegation of - Confidential information - Computer program - Whether first defendant wrongfully disclosed* F *plaintiff's confidential information in the plaintiff's computer program 'CAS' to second and third defendants - Distinction between confidential information related to or about the CAS program and confidential information embedded in or contained in the CAS program - Whether plaintiff identified nature and type of confidential information and trade* G *secrets - Whether plaintiff entitled to interlocutory injunction*

The plaintiff's cause of action against the defendants were (a) against the first defendant, breach of the terms in the 'Declaration of Secrecy Concerning Assignments within the Alfa Laval Group' H when he wrongfully disclosed the plaintiff's confidential information in the plaintiff's computer program known as 'CAS' to the second and third defendants for their use in their businesses; (b) against the second and/or the third defendants respectively or the first defendant through the second and/or third defendants who have I the CAS program, for passing off when they put upon the market and sold using the CAS program plate heat exchangers and plates, which were an imitation of the plaintiff's plate heat

exchanger and plate. Briefly, the plaintiff manufactured, supplied and sold plate heat exchangers under the 'Alfa Laval' brand. It was the plaintiff's claim that it was the pioneer in its field and had acquired substantial goodwill and reputation in the industry due to its products and its distinctive features *ie* the 'single-step pressing' process in the manufacturing of the plate, the two corrugated distribution area designs with a 'chocolate' and 'herringbone' pattern along with the specific dimensions of the plate itself. The plaintiff also claimed that the CAS program was a computer program developed by the plaintiff and part of the plaintiff's confidential information, which the plaintiff had propriety rights. The plaintiff submitted that the CAS program software was not a software common to all the manufacturers or suppliers of plate heat exchangers but a software specifically developed by the plaintiff for its use as the primary program for product calculation and configuration. The plaintiff claimed that the defendants' acts aforesaid were clearly calculated to lead and will very likely lead to the belief and deception that the imitation goods were the plaintiff's plate heat exchangers and plates or products of the plaintiff or associated and connected with the plaintiff. The issues that arose herein were (i) whether the plaintiff had made out a case for passing off against the defendants; (ii) whether there was a copyright infringement; (iii) whether there was breach of an obligation of confidence in its CAS programme; (iv) whether the plaintiff was entitled to any of the injunctive reliefs prayed for and further interlocutory orders sought for.

Held (dismissing the application with costs):

(1) The plaintiff was not relying on their trademark 'Alfa Laval' under which their heat plate exchangers were admittedly sold. The plaintiff's products were heat plate exchangers with special attributes in terms of the features which they claimed were distinctive. The single step pressing process was part of the manufacturing process, the specific dimensions of the plates in terms of width, length, positions of the inlets and outlet parts and the pressing depth were functional to meet the functional 'must fit' requirement. They enabled the plates to be assembled and stacked together in the plate heat exchangers. The 'chocolate' and 'herringbone' patterns were also functional. So the plaintiff's plate heat exchangers were of a purely functional design. Such purely functional designs could not form the basis for a valid distinctive get up for passing off. (paras 30 & 32)

(2) Functional or utilitarian characteristics of an article of manufacture were not protectable under passing off law for they simply in law and on the facts could not be legally distinctive. Such articles were purchased because they performed the function and purpose required by the purchaser, not because these functional attributed proclaimed that the plate heat exchangers and plates were manufactures or supplied by the plaintiff. Any comparable article of manufacturer that could perform the same function and in the same way as the plaintiff's would be equally acceptable. The object of the law is to avoid over extending exclusive protection rights to the products themselves and thereby impeding competition in respect of products sharing the technical characteristics. (para 33)

(3) The plaintiff had not shown goodwill in respect of the distinctiveness of these functional attributes at all. To succeed, the plaintiff must further in addition to showing that goodwill was attached to the techniques, processes, measurements *etc*, of its plate heat exchanges show deception about or related the techniques, processes, measurements *etc*, of the prospective buyers due to a misrepresentation *etc*, of the prospective buyers due to a misrepresentation and actual or potential damage to the goodwill that was attached to these attributes. The plaintiff's affidavit evidence was lacking in every aspect of these requirements.

(4) The plaintiff must demonstrate that the defendants have copied the essential elements of the CAS program's structure, sequence and organization including the inter-modular relationships and their parameters *etc*. The evidence fell short of this. Further, there was no evidence that the defendants or any one of them had unlawfully reproduced or copied the plaintiff's user guides and manuals qualitatively nor have they shown that the defendants have distributed infringing copies of them to the public by sale or other transfer of ownership.The plaintiff's pleaded case and affidavit evidence came nowhere near to establishing copyright infringement. (paras 60 & 61)

(5) An important distinction must be drawn between confidential information related to or about the CAS program and confidential information embedded in or contained in the CAS program. It was confidential information of the latter category

that was protected. The plaintiff merely asserted that it developed the CAS program together with the user manuals and instruction books without identifying what this confidential information was. Quite apart from the requirement that the nature and type of confidential information and trade secrets must be identified (which the plaintiff did not) the plaintiff must also show that the first defendant had obtained the alleged confidential information improperly or surreptitiously. Without identifying what was the confidential information contained in the CAS software, the plaintiff could not assert that the defendants have misappropriated or misused any of their confidential information. The second and third defendants were at best third party recipients of the alleged CAS confidential information. As third party recipients, they were in law not under any duty of confidentiality unless they know of or were wilfully blind to the confidentiality. The plaintiff's supporting affidavit was completely lacking in this respect. An injunction must be framed in such a way that the defendants will know with certainty what they are or are not allowed to do. In the instant case, the plaintiff's pleadings and evidence were insufficiently specific, precise and cogent. Therefore the plaintiff was not entitled to any interlocutory injunction. (para 62, 63, 68, 69 & 70)

(6) In so far as the further interlocutory orders requiring the defendants to surrender any documents purportedly relevant to the plaintiff's claim, the plaintiff was not entitled to these until liability was proven against the defendants. There was no propriety interest that may be legitimately claimed by the plaintiff over the functional attributes of its many plate heat exchangers, the pattern or any copyright in the CAS program or any confidential information howsoever arising out of or inherent in the plate heat exchangers or the CAS program. (paras 71 & 72)

Case(s) referred to:

Amway Corporation v. Euruway International Ltd [1974] RPC 82 ***(refd)***
Coco v. AN Clark (Engineering) Ltd [1969] RPC 41 ***(refd)***
Erven Warnink v. Townend & Sons (Hull) Ltd [1979] 2 All ER 927 ***(refd)***
Inland Revenue Commissioners v. Muller & Co's Margarine Ltd [1901] AC 217 ***(refd)***
Jarman & Platt v. Barger [1977] FSR 260 ***(refd)***
Lansing Linde Ltd v. Kerr [1991] 1 All ER 418 ***(refd)***

A *Lawrence David Ltd v. Ashton [1991] 1 All ER 385* ***(refd)***
Longman Malaysia Sdn Bhd v. Pustaka Delta Pelajaran Sdn Bhd [1987] 1 CLJ 588; [1987] CLJ (Rep) 760 HC ***(refd)***
Lord Ashburton v. Pape [1913] 2 Ch 469 ***(refd)***
Potters-Ballotini Ltd v. Weston-Bake [1977] RPC 202 ***(refd)***
B *Seet Chuan Seng & Anor v. Tee Yih Jia Food Manufacturing Pte Ltd [1994] 2 CLJ 7 SC* ***(refd)***
Spalding v. Gamage 84 LJ Ch 449 ***(refd)***
Spalding (AG) & Bros v. AW Gamage Ltd [1915] 32 RPC ***(refd)***
Star Industrial Co Ltd v. Yap Kwee Kor [1976] 2 FSR 256 ***(refd)***
Syarikat Zamani Hj Tamin Sdn Bhd v. Yong Sze Fun [2006] 5 MLJ 262
C ***(refd)***
Thomas v. Pearce [2000] FSR 718 ***(refd)***
Valeo Vision SA v. Flexible Lamps Ltd [1995] RPC 205 ***(refd)***

Legislation referred to:
Copyright Act 1987, ss. 3, 13(1), 36(1)
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For the plaintiff - Jeffrey Wong; M/s Jeffery Wong, Noorul & Lim
For the defendant - CY Lai; M/s Shearn Delamore & Co

Reported by Suhainah Wahiduddin

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JUDGMENT

Ramly Ali J:

F **The Plaintiff's Claim**

[1] The plaintiff's cause of action against the defendants are as follows:

G (a) against the 1st defendant, breach of the terms in the "Declaration of Secrecy Concerning Assignments within the Alfa Laval Group" dated 9 September 2002 when he wrongfully disclosed the plaintiff's confidential information in the plaintiff's computer program known as "CAS" in its
H different versions in particular the "CAS v5" together with its instructions book and/or users manual ("the CAS program") to the 2nd and 3rd defendants for their use in their businesses; and

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(b) against the 2nd and/or the 3rd defendants respectively or the 1st defendant through the 2nd and/or the 3rd defendants who have the CAS program in their possession, for passing off when they put upon the market and sold using the CAS program plate heat exchangers and plates, which are an imitation of the plaintiff's plate heat exchanger and plate ("the imitation goods").

The Present Application (encl. 4)

[2] The prayers sought in the plaintiff's application (encl. 4) are summarized as follows:

(a) an injunction to restrain the defendants from passing off the imitation goods as the plate heat exchangers and plate of the plaintiff;

(b) an injunction to restrain the Defendants from disclosing and using the confidential information in the CAS program; and

(c) an order for full discovery and delivery up and further to preserve and not to part or cause destruction to the imitation goods, all relevant documents connected thereto as well as the CAS program (stored in whatever form of computer storage medium) in the defendant's possession.

The Plaintiff's Contentions

[3] The products involved are the plaintiff's plate heat exchanger and plate. The distinctive features of these products are the "single-step pressing" process in the manufacturing of the plate, the two corrugated distribution area designs on the plate and the specific dimensions of the plate itself.

[4] In relation to the "single-step pressing" process used by the plaintiff, the plaintiff claims that the plaintiff is the pioneer in its field being the first to use this process in the manner in which the plaintiff's plates are manufactured.

[5] In relation to the "chocolate" and "herringbone" distribution patterns designed for the plates, the terms "chocolate" and "herringbone" may have been used generically or appear to be similar but it remains that not one single manufacturer of the plates in the industry and between themselves have the precise same distribution patterns or the precise same "chocolate" and

A "herringbone" patterns designed for their plates. The distinction in the pattern would include amongst others its angle, slant, transverse, width, length and depth. In fact, none of the manufacturers shown in exhs. "NAH1" or "NAH2" of the defendant's affidavit have precisely the same or precise replication
B of the plaintiff's "chocolate" and "herringbone" patterns on their plates as shown in exh. "LKS6" of the first affidavit. These patterns are not common or standard as all the manufacturers have their own specific features of the distribution area or corrugation on their plates.

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[6] No one single manufacturer of the plates in the industry manufactures plate with the same or exact replication of the specific dimensions of the plaintiff.

D **[7]** The plaintiff further claims that only plates with the same and exact "chocolate" and "herringbone" patterns in its angle, slant, transverse, width, length and depth and the specific dimensions aforesaid could be assembled and stacked together into a plate heat exchanger frame sold as a unit under the same trade
E name or brand and plates sold by other manufacturers in the market or of other trade names or brands would not fit into each other or the plaintiff's plate heat exchanger frame.

[8] These distinctive features including the exterior colour of the plaintiff's plate heat exchanger frame in blue clearly distinguish and
F differentiate the plaintiff's plate heat exchanger and its plate from the rest of the manufacturers in the industry.

[9] The plaintiff also claims that the CAS program is a computer program developed by the plaintiff and part of the plaintiff's
G confidential information, which the plaintiff must have proprietary rights.

[10] The CAS program will calculate and configure the specifications of the plaintiff's plate heat exchangers, in accordance with the requirements of the plaintiff's customers and it determines
H the size and number of the plaintiff's plates to be assembled and stacked inside based on the flow rate, physical properties of the fluids, pressure drop and temperature program.

[11] The summaries and write-ups on the CAS program in exhs.
I "LKS7" are not the software itself as alleged by the defendants or they are not already in the public domain as contended.

[12] The CAS program software is not a software common to all the manufacturers or suppliers of plate heat exchangers but a software specifically developed by the plaintiff for its use as the primary program for product calculation and configuration. A

[13] The plaintiff claims to have commenced its business in this field since 1969 and has been selling their plate heat exchangers and plates since then. The plaintiff's high sale performance of up to RM45 million in 2007 is clearly indicative and evidence of the plaintiff's substantial goodwill and reputation in the industry of the plaintiff's plate heat exchangers and plates sold under the brand "Alfa Laval", otherwise the plaintiff would not have achieved such substantial sales. B C

[14] It is the plaintiff's contention that the 1st defendant had copied the CAS program during his employment with the plaintiff. He was then an authorized personnel of the plaintiff having access to the CAS program. When he resigned, he failed to return the same to the plaintiff and he has in breach of the "Declaration of Secrecy Concerning Assignments within the Alfa Laval Group" dated 9 September 2002 (exh. "LKS2" of the first affidavit) wrongfully disclosed the CAS program and used the CAS program for the purposes of the 2nd and 3rd defendant's business in selling the imitation goods. D E

[15] In so far as the unlawful and unauthorized use of the CAS program, the plaintiff further claims that the technical specification print-out generated by the defendants for APM Spring Sdn Bhd at p. 75 of the first affidavit (exh. "LKS9") is so similar to a technical specification print-out generated using the CAS program that it could not have been printed out using the Funke software as alleged by the defendants. It is so similar for reasons stated and particularized in paras 13.1 to 13.4 of the second affidavit for example the similarities in its layout, descriptions used which could only be associated with the plaintiff, the connections denomination and orientations of the hot and cold sides used as well as other technical terms used in the technical specification print-out generated by the defendants. F G H

[16] The fact that the defendants have put upon the market and sold plate heat exchangers and plates, which the plaintiff claims are imitation of the plaintiff's plate heat exchangers and plates is not disputed, in fact the defendants are admitting that they are selling these products. I

[17] In doing so, apart from selling the imitation goods at a lower price compared to the plaintiff's prices, the defendants have also used the alphabets "AL", which stand for "Alfa Laval" in the names given to the models of their plate heat exchangers units, some of which were referred to in para 18 of the first affidavit. Similarly, the usage of the alphabet "M" in the names given to the models of their plate heat exchanger units followed by a number of denote its size eg, "M3" for the size of 30 mm in diameter is also the same with the plaintiff. Further, the exterior colour of the defendants' plate heat exchanger frame is also similarly coloured in blue as the plaintiff.

[18] The plaintiff also claims that the defendants' acts aforesaid are clearly calculated to lead and will very likely lead to the belief and deception that the imitation goods are the plaintiff's plate heat exchangers and plates or products of the plaintiff or associated and connected with the plaintiff.

The Plaintiff's Cause Of Action As In The Statement Of Claim

[19] It is necessary and essential to go back to the statement of claim to determine the plaintiffs' cause(s) of action against the defendants. The interlocutory reliefs and orders asked for in their summons in chambers (encl. 4) must after all, be supported by its cause(s) of action against the defendants in its substantive claim set out in the statement of claim.

[20] By para (5) of the statement of claim, the plaintiff asserts that it manufactures, supplies and deals in a business and commercial way plate heat exchangers that comprise a number of plates arranged and stacked together inside. This product is used in relation to a system and services for the heating and cooling of oil, water, chemicals, foodstuffs, starch and pharmaceuticals. However, no proprietary claim or actionable cause for complaint is made for the system and related services. The plaintiff is only concerned with their plate heat exchangers.

[21] The following are the distinctive features or elements claimed by the plaintiff, namely:

(a) a single step pressing process;

(b) the two corrugated distribution areas with a "chocolate"; and "herringbone" pattern and design;

(c) the specific dimensions of the plate.

[22] The single step pressing process is a technical step in the manufacturing process. It has no relevance for it does not manifest itself and is not relevant in the manufactured form of the plate heat exchangers. The functional aspects of the "chocolate" and "herringbone" pattern and design as well as the functional dimensions are of no significance in the given factual matrix as no cause of action is asserted or premised on them.

[23] By para (6) of the statement of claim, the plaintiff claims to be the first to manufacture and sell the heat exchange plates by the use of the technical process with the corrugated "chocolate" and "herringbone" design and of the functional attributes.

[24] By para 8 of the statement of claim, the plaintiff asserts its heat exchange plates are manufactured, sold, delivered and maintained under the trade name or brand "Alfa Laval". Nothing turns on the plaintiff's trade name or get up "Alfa Laval". There is no cause of action premised upon or founded on this "Alfa Laval" trade name or brand .

[25] Paragraph 9 of the statement of claim, however, did assert that the plaintiff is relying on the distinctive features (not the "Alfa Laval" trade mark) of the plate heat exchangers to found their cause of action. It is the plaintiff's assertion that its heat plate exchangers are associated with those distinctive features and that it has acquired substantial reputation and goodwill in those distinctive features of its plate heat exchangers. So, it is clear the basis for the plaintiff's claim is its plate heat exchangers and, that too heat plate exchangers of those claimed distinctive features.

[26] By para 10.2 of the statement of claim, the plaintiff asserts that the 1st defendant severally or through the 2nd and 3rd defendants has used the plaintiff's CAS program and have manufactured and sold heat plate exchangers with features like those of the plaintiff's alleged distinctive features and hence, he is guilty of passing off.

[27] By para 10.2 read with paras 11 and 12 of the statement of claim, the plaintiff asserts that the 2nd and 3rd defendants by having (put) upon the market heat plate exchangers, by using the CAS program and, by the plate heat exchangers having features similar to the distinctive features of the plaintiff's corresponding heat plate exchangers will cause the plaintiff to suffer loss and damages. The plaintiff's goodwill and reputation will also be damaged thereby. It must at once be noted that in none of these paragraphs, is there any assertion that the 1st defendant by having sold the imitation heat plate exchangers, has caused the plaintiff loss and damage to their goodwill or business.

[28] There is therefore no claim for passing off against the 1st defendant. That is clear enough, for, the assertion in para 13 of the statement of claim, is again directed at the 2nd and 3rd defendants. Paragraph 14 of the statement of claim, merely says that the defendants and, by that description the 1st defendant is included merely benefited unconscionably in monetary terms from the sales of the imitation plate heat exchangers. There is still no passing off plead against the 1st defendant.

[29] From a distillation of the facts and assertions alluded to in the statement of claim, the plaintiff's alleged cause of action for passing off is:

- against the 2nd and 3rd defendants only.
- premised upon the alleged distinctive features of their plate heat exchangers.

Has The Plaintiff Made Out A Case For Passing Off Against The 2nd And 3rd Defendants?

[30] The answer is certainly in the negative. It will be recalled that the plaintiff is not relying on their trademark "Alfa Laval" under which their heat plate exchangers are admittedly sold. It says its products are heat plate exchangers with special attributes in terms of the features which they claim are distinctive. The single step pressing process is part of the manufacturing process, the specific dimensions of the plates in terms of width, length, positions of the inlets and outlet parts and the pressing depth are functional to meet the functional "must fit" requirement. They enable the plates to be assembled and stacked together in the plate heat exchangers. The "chocolate" and "herringbone"

patterns are also functional. Paragraph 8.2 of Lim Kee San's supporting affidavit says "... the "chocolate" pattern of the distribution ensures even distribution of the fluid over the plate surface while the "herringbone" pattern in the main heat transfer area creates maximum turbulence. Both these features ensure high heat transfer efficiency and eliminate dead spots that can lead to scaling and corrosion".

[31] Now, is there any evidence to demonstrate that these functional attributes are distinctive of the plaintiff's heat plate exchangers in the sense described and explained above so as to have enabled them to earn goodwill. It's plate heat exchangers are sold by reference to their brand "Alfa Laval". It is this brand that is acknowledged as the source identifier, not these functional attributes have been publicized and promoted as the brand "Alfa Laval" is. The court's attention is drawn to exhs. LKS5 and 6 to the affidavit of Lim Kee San. These are merely representations or pictures of the plaintiff's different models of their plate heat exchangers and the plate components. First the plaintiff is not asserting passing off against the defendants for imitating all their different models. Yet, they say the defendants are selling "imitation goods" (meaning their plate heat exchangers). Which model of their plate heat exchangers are they talking about? The court is left in doubt. Where in the exhibits is emphasis given to the distinctiveness of the technical or utilitarian attributes of the plate heat exchangers or the patterns of the plate in exh. 6? Where is the legal distinctiveness that is required for passing off? Obviously, there is none. How can there be then, any arguable case against the defendants jointly or severally for passing off?

[32] So, the plaintiff's plate heat exchangers are of a purely functional design. Such purely functional designs cannot form the basis for a valid distinctive get-up for passing off. Functional or utilitarian characteristics of an article of manufacture are not protectable under passing off law for they simply in law and on the facts cannot be legally distinctive. Such articles are purchased because they perform the function and purpose required by the purchaser, not because these functional attributes proclaim that the plate heat exchangers and plates are manufactured or supplied by the plaintiff. That source identifying function is performed by their trade mark "Alfa Laval". The plaintiff says this is its trademark by reference to which it sell its plate heat exchangers and the various publications and materials in exhs. LKS 5 and 6 bear testimony to the fact that their trademark "Alfa Laval" is at all

times promoted and given due prominence. Any comparable article of manufacturer that can perform the same function and in the same way as the plaintiff's would be equally acceptable.

[33] Such functional or utilitarian characteristics are more appropriately protected under patents or industrial designs. Patent or industrial design infringement is however not the pleaded case. The object of the law is to avoid over extending exclusive protection rights to the products themselves and thereby impeding competition in respect of products sharing the technical characteristics. The policy of the law is to encourage free and fair competition in the market place through the free use of product features which should appropriately be protected by patents or industrial designs but what are not so protected to enhance a product's performance. The plaintiff has not shown goodwill in respect of the distinctiveness of these functional attributes at all. To succeed, the plaintiff must further in addition to showing that goodwill is attached to the techniques, processes, measurements, etc of its plate heat exchangers show deception about or related the techniques, processes, measurements etc of the prospective buyers due to a misrepresentation and actual or potential damage to the goodwill that is attached to these attributes. The plaintiff's affidavit evidence is lacking in every aspect of these requirements.

Copyright Infringement Or Breach Of An Obligation Of Confidence

[34] By paragraphs 7 and 8 of the statement of claim, the plaintiff asserts that in conducting its business of manufacturing, selling etc of its heat plate exchangers, it has developed a computer program known as CAS of different versions, particularly the CAS v5 version together with its instruction books and user manuals. The program calculates and configures the specifications of the plaintiff's plate heat exchangers according to the requirements of their clients.

[35] The plaintiff further asserts in para 10.1 of the statement of claim, that information relating to the CAS computer program is confidential information of theirs and that the 1st defendant by virtue of him being an employee with the plaintiff having executed a document which is described as "Declaration of Secrecy Concerning Assignments" with the Alfa Laval Group dated 9 September 2002 is supposed to maintain such confidential information in confidence at all times. He has wrongfully divulged

the confidential information relating to the CAS computer program to the 2nd and 3rd defendants who in turn used them in their trade and business relating to plate heat exchangers.

[36] As pled, it is far from certainty whether by para 10.1 of the statement of claim, the plaintiff is asserting that:

(a) the 1st defendant has breach his obligation of confidence by disclosing information relating to the CAS program to the 2nd and 3rd defendants; or

(b) the 1st defendant by having wrongfully disclosed confidential information relating to the CAS program has himself infringed the plaintiff's copyright in the CAS program or has jointly with the 2nd and 3rd defendants infringed the plaintiff's copyright in the CAS program.

[37] It is to be noted that para 10.2 of the statement of claim, merely asserts the defendants each respectively, or the 1st defendant through the 2nd and 3rd defendants who has the CAS program in their possession (meaning the 2nd and 3rd defendants having in their possession the CAS program) put upon the market and sold using the CAS program imitation heat plate exchangers. As pled, this cannot be an assertion of copyright infringement. What is alleged to have been put upon and sold in the market are imitation plate heat exchangers (which used the CAS program – whatever that means) but certainly not the CAS program the copyright protected works.

[38] Based on the evidence available, the court is of the view that:

(a) there is no confidential information to speak about;

(b) any assertion of breach of an obligation to maintain confidentiality about information relation relating to the CAS program against the 1st defendant or the 2nd and 3rd defendants must fail *ab initio*;

(c) there is no assertion of copyright infringement of the CAS program against the 1st defendant;

(d) there is no assertion of copyright infringement of the plaintiff's printed material of exh. LKS 8 to the affidavit of Lim Kee San affirmed in support of the plaintiff on 4.January 2008;

(e) there is no assertion of copyright infringement of the CAS program against the 2nd and 3rd defendants;

(f) there is no assertion of wrongful use of unlawfully appropriated confidential information (by the 1st defendant) relating to the CAS program against the 2nd and 3rd defendants or any one of them.

Permanent Reliefs Prayed For In The Statement Of Claim

[39] Paragraph 16.1 of the statement of claim, seeks to restrain all the defendants from manufacturing and selling heat plate exchangers with the distinctive features claimed by the plaintiff. This relief is not supported by a cause of action for passing off against the 1st defendant.

[40] Paragraph 16.2 of the statement of claim, seeks to restrain all the defendants from disclosing confidential information relating to the CAS program and the related instruction books and user manuals to any third party and use of the same or any method related thereto in the manufacture and sales of the alleged imitation heat plate exchangers or reproducing the whole or a substantial part of the CAS program. This relief is not supported by any cause of action for breach of confidence or copyright infringement against the defendants as contended above.

Interlocutory Injunctive Reliefs Prayed For By The Plaintiff

[41] The plaintiff's summons in chambers application was applied for *ex parte* but upon the direction of the court, it was treated and heard as an *inter parte* application. Interlocutory injunctive reliefs in the same form as the permanent injunctions set out in paras 16.1 and 16.2 of the statement of claim are sought by the plaintiff. If there is no cause of action disclosed in the statement of claim as contended above, then, these mirror interlocutory injunctive reliefs to restrain the defendants from committing acts of passing off, breach of confidence or copyright infringement ought not be granted.

[42] In addition to the interlocutory injunctive reliefs, the plaintiff has asked the defendants:

(a) to disclose the quantity of the stocks of the allegedly "imitation" heat plate exchangers and their whereabouts by location and the addresses of these locations the imitations are sold. (See para 1.1 (a) of summons in chambers). They have

also asked for the identities of those to whom the defendants have allegedly supplied or sold the imitations including the quantities involved. (See para 1.1 (b) of the summons in chambers);

(b) to preserve all "imitations" remaining in their custody or control and not to dispose of or destroy them for as long as the interlocutory injunctive relief is sustained. (See para 1.2 of the summons in chambers);

(c) to provide and serve upon the plaintiff's solicitors in written or in the from of an affirmation, a listing of all relevant documents relating to manufacturing and sales of the "imitations" and to have these preserved in their custody and control. (See para 1.3 of the summons in chambers).

[43] The same preservation and disclosure orders are asked for in respect of the CAS program. (See paras 2; 2.1 and 2.2 of the summons in chambers).

[44] The defendants are also required within seven days of the service of the order, if granted, affirm an affidavit confirming full compliance with the requirements of and terms of the order. (See para 3 of the summons in chambers).

[45] These interlocutory injunctive reliefs and further interlocutory orders asked for have to be looked at with caution. Whether the plaintiff is entitled to one or all of them depends on its cause of action pled against each or all the defendants jointly or severally. Unless the plaintiff is entitled to interlocutory injunctive reliefs premised upon a legally and appropriate pleaded case of passing off, breach of confidence and copyright infringement against the defendants jointly or severally, such interlocutory injunctive reliefs and further interlocutory orders ought not to be granted. The court finds the plaintiff has not pled any of the causes of action against them whether jointly or severally. Accordingly, they are not entitled to these further interlocutory orders. The plaintiff has also failed in their supporting affidavit to demonstrate there being substantive issue to be tried on the matters of passing off, copyright infringement or breach of confidence.

A

Passing-Off

[46] The principle of law regarding passing off has been plainly stated by Lord Parker in *Spalding v. Gamage* 84 LJ Ch. 449 "that is, that nobody has any right to represent his goods as the goods
B of somebody else". It is therefore wrong for a trader to conduct his business as to lead to the belief that his goods or business are the business of another. (see: *Seet Chuan Seng & Anor v. Tee Yih Jia Food Manufacturing Pte. Ltd.* [1994] 3 CLJ 7).

C **[47]** The case of *Erven Warnink v. Townend & Sons (Hull) Ltd.* [1979] 2 All ER 927 has been cited and followed by our Supreme Court in *Seet Chuan Seng* case. In that case, Lord Diplock held:

> My Lords, *A.G. Spalding & Bros. v. A.W. Gamage Ltd.*, 84 LJ Ch. 449 and the later cases make it possible to identify five
> D characteristics which must be present in order to create a valid cause of action for passing off:
>
> (i) a misrepresentation;
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> (ii) made by a trader in the course of trade;
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> E
> (iii) to prospective customers of his or ultimate consumers of goods or services supplied by him;
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> (iv) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably
> F foreseeable consequence); and
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> (v) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.

G **[48]** In the same case *(Erven Warnink)*, Lord Fraser proposed the following tests, namely:

> It is essential for the Plaintiff in a passing off action to show at least the following facts:
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> H
> (i) that his business consists of, or includes, selling in England a class of goods to which the particular trade name applies;
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> (ii) that the class of goods is clearly defined, and that in the minds of the public, or a section of the public, in England, the trade name distinguishes that class from other similar
> I goods;

(iii) that because of the reputation of the goods, there is goodwill attached to the name;

(iv) that he, the plaintiff, as a member of the class of those who sell the goods, is the owner of goodwill in England which is of substantial value;

(v) that he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill by reason of the defendants selling goods which are falsely described by the trade name to which the goodwill is attached.

[49] Passing off protects the goodwill of the business in relation to and in connection with the goods (heat plate exchangers) with which the mark is used. See:

(a) *Spalding (AG) & Bros v. AW Gamage Ltd* [1915] 32 RPC at p. 284.

(b) *Star Industrial Co. Ltd. v. Yap Kwee Kor* [1976] 2 FSR 256 at p. 269.

(c) *Inland Revenue Commissioners v. Muller & Co's Margarine Ltd* [1901] AC 217 at 223 and at 235.

[50] Goodwill therefore is the benefit added to the business through extensive trading operations which attract custom. It is the integrated benefit derived from the existence of goodwill as an intangible asset.

Legal Requisites For Goodwill And Reputation

[51] How does goodwill (and the reputation that goes with it) come about?

The answer to the question is the trade mark relied upon to found passing off must be distinctive. Unless and until the trade mark or whatever, be it the get up, badge or indicia is distinctive as a matter of proven facts, it cannot perform the function of identifying or being associated with the business or goods of the claimant. Until and unless distinctiveness is shown, the mark cannot be equated with patronage and neither can the prospective buyers be said to have any proclivity to repeat their purchase of the product (heat plate exchangers) because the mark is not well regarded in the sense that, and because it is not distinctive. The "distinctiveness" must be established as a matter of fact as a

requisite to the recognition of goodwill is unequivocally pronounced by this court in the case of *Syarikat Zamani Hj Tamin Sdn Bhd v. Yong Sze Fun* [2006] 5 MLJ 262 at 289.

[52] What is "distinctiveness" in the context of goodwill and passing off?

"Distinctiveness" of a trademark, get-up, sign or indicia in relation to its use as a brand for goods (heat plate exchangers) in the course of trade means the trademark must on the facts distinguish or is capable of distinguishing the goods with which the claimant of the trademark is connected from the like goods of others who are not so connected. Put another way, the mark of the claimant must be able to tell the goods of the claimant bearing the said trade mark apart from the like goods of others. A distinctive trade mark functions as a source identifier distinguishing the goods of one concern from the like goods of others. It is the significance which the public attaches to the supposed mark which is all important. Matters which are not relied on by the public in this way cannot be distinctive in law no matter how novel, striking or different they may be. Such matters do not serve as a sign or indicator capable of performing the functions of a trade mark.

[53] A mark must be distinctive in the legal sense, not the everyday commercial sense. Even if there is a monopolistic market created by the claimant for products of his brand, and hence, is distinctive in the ordinary commercial sense because it is the only mark in use for that category of products, it still is legally not distinctive unless and until it is proved that the public relies and recognize the products in relation to which the mark is used comes from or originates from the claimant. It is the legal distinctiveness that matters and is material. It is therefore both factual and legal distinctiveness that is required for succeeding in a passing off action. In the case of *Jarman & Platt v. Barger* [1977] FSR 260, at pp. 273-276 the appearance of the furniture was "distinctive" in the sense that the plaintiff had virtually created the market for furniture of that striking design; but that "distinctiveness" did not denote the trade source of the goods and so it was not distinctive in the legal sense. In the present case, the plaintiff did not by its affidavit evidence show legal distinctiveness of the three utilitarian or functional features of their plate heat exchangers.

Copyright Infringement

[54] The court accepts that the CAS program is a copyrightable work under the Copyright Act 1987. On the facts, it is the CAS program as a piece of software that is protected not the functionalities of what it does. This important distinction and difference has to be kept in mind.

[55] It is the computer program as defined in the Copyright Act 1987 that is protected as literary work. (See the definition for "computer program" and "literary work" in s. 3 of the Act:

> "Computer program" means an expression in any language, code or notation of a set of instructions (whether with or without related information) intended to cause a device having an information processing capability to perform a particular function either directly or after either or both of the following (has occurred):
>
> (a) conversion to another language, code or notation;
>
> (b) Reproduction in a different material form".

[56] "Infringing Copy" (under s. 3 of the Act) means any reproduction of any work eligible for copyright (the CAS program in the context of the present facts) under the Act the making of which constitutes an infringement of the copyright in the work …" Take the computer program as the starting point. Then, identify the expressions in whatever language, code or notation as being a set of instructions contained in the program. This set of instructions consisting of the expressions, notations or codes in whatever language embodied in the disc format or in any other material form of the program is what is protected by copyright. These are sometimes referred to as the expressions of the functionalities of the program. For infringement, one then ask whether the infringer has reproduced a substantial part in a qualitative sense (not quantitative sense) the copyright owner's set of instructions consisting of the original expressions, language, code or notation in disc format or any other material form without the copyright owner's lawful authorization. (see the case of *Longman Malaysia Sdn Bhd v. Pustaka Delta Pelajaran Sdn Bhd* [1987] 1 CLJ 588; [1987] CLJ (Rep) 760 which says infringement means the qualitative reproduction not the quantitative reproduction of the copyright protected work (the CAS program).

[57] The degree of copying is not spelt out in the definition of "infringing copy" in the Act. The test was a stricter one previously. It was unlawful to make substantial use of the copyrighted work without consent. "Substantial use" was interpreted to mean direct literal copying *in toto*. There was no prohibition against partial copying. The present day test is one of substantial copying or reproduction in a qualitative sense. According to this qualitative criterion, the decisive factor is how much has been taken. The question is one of the degree and nature of the similarity in terms of the essentials of the original that is copied or reproduced. It is a question of fact and degree. An arguable issue has to be made out on this score. The question will largely depend on whether the part alleged to have been copied has particular significance or importance (from the point of view of originality rather than functionality) to the work considered as a whole. Unfortunately, in the present case, the plaintiff's case is not pled that way.

[58] Infringement if it is relevant at all must be the unauthorized reproduction or the distribution of copies (ie, infringing copies) of the plaintiff's CAS program to the public by sale or other transfer of ownership. (see s. 13(1) and 36(1) of the Copyright Act 1987).

[59] In the context of computer program infringement, the test would have to be:

(a) is there literal or verbatim reproduction or copying of the original expression (embodying the included materials as per the definition of "computer program" under the Act of the CAS program);

(b) if there were no literal copying, is there non-literal copying in the sense that the essentials of the original expression are taken ie, is there qualitative copying.

[60] At the minimum, the plaintiff must demonstrate that at least it is arguable that the defendants have copied the essential elements of the CAS program's structure, sequence and organization including the inter-modular relationships and their parameters etc. (see also the elements defined as being necessary for constituting a computer program as the term "computer program" is defined under the Act). The affidavit evidence falls short, very short of this. Until this is done, there is no focused

analysis of the quantitative and qualitative elements or evidence of similarities for the court's consideration to decide whether there is an arguable issue arising out of it.

[61] Further, nowhere in the affidavit evidence of Lim Kee San (for the plaintiff) it is shown that the defendants or any one of them had unlawfully reproduced or copied the plaintiff's user guides and manuals qualitatively nor have they shown that the defendants have distributed infringing copies of them to the public by sale or other transfer of ownership. The plaintiff's pleaded case and affidavit evidence come nowhere near to establishing copyright infringement. No copyright infringement claim is asserted against any of the defendants for having infringed the literary work of exh. 8 to the affidavit in support of Lim Kee San affirmed on 4 January 2008.

Breach Of Confidence

[62] Paragraph 10.1 of the statement of claim (supported by para 15.1 of the supporting affidavit of Lim Kee San) merely alleges that the 1st defendant wrongfully provided confidential information related to the CAS program to the 2nd and 3rd defendants for their use in their business. There is an important distinction that must be drawn between confidential information related to or about the CAS program and confidential information embedded in or contained in the CAS program. It is confidential information of the latter category that is protected.

[63] In para 12 of the supporting affidavit of Lim Kee San, the plaintiff merely asserts that it develops the CAS program together with the user manuals and instruction books "which are part of the plaintiff's confidential information" without identifying what this confidential information is.

[64] In para 10.2 of the statement of claim and para 15.2 of the supporting affidavit of Lim Kee San asserts that the 2nd and 3rd defendants who have the CAS program with them "... has put upon the market and sold the CAS program plate heat exchangers" without indicating what misappropriated confidential information is being unlawfully used by the 2nd and 3rd defendant.

[65] Paragraph 16.2 of the statement of claim and para 2 of the summons in chambers in asking for injunctive relief again do not identify with any specificity, what confidential information is in question. Asking for an order in such vague and uncertain in its terms and scope should not be entertained. Information alleged to be confidential must be specific in the sense that it is clear and identifiable as confidential. (see *Amway Corporation v. Euruway International Ltd* [1974] RPC 82 at pp. 86-87).

[66] The court accepts that confidential information is protected by law. The definition of confidential information is never exhaustive. It may be generally described as any confidential information that provides a commercial business advantage. Necessary, it must include inventions, ideas, trade secrets in the form useful formula, plan, pattern, technical processes and methods in written or machine readable form as when embedded in software programs not generally known or ready ascertainable by the public. In the given context, are the plaintiff's alleging unlawful disclosure of the source code, algorithm, code, notation or the screen look and feel of the CAS program?

[67] At the outset any confidential information in exhs. LKS 8 and LKS9 to the supporting affidavit of Lim Kee San can be dismissed. It does not matter whether they are the plaintiff's or the defendants'. These documents are simply provided in the course of a quote and product specification by both the plaintiff and the defendants. Depending on the model and technical requirements of customers, the readings may well be different. The engineering descriptions of the technical requisites and readings are descriptions constrained by the technicalities and methodology in the field of science in question. These are simply public documents made public by both the plaintiff and defendants.

[68] Quite apart from the requirement that the nature and type of confidential information and trade secrets must be identified, (which the plaintiff did not) the plaintiff must also show that the 1st defendant obtained the alleged confidential information improperly or surreptitiously. (see *Lord Ashburton v. Pape* [1913] 2 Ch 469 at 475). Without identifying what the confidential information is contained in the CAS software, they cannot even begin to assert that the defendants have misappropriated or misused any of their confidential information (not identified). (see *Coco v. A.N. Clark (Engineering) Ltd* [1969] RPC 41 at p. 47).

[69] The 2nd and 3rd defendants are at best third party recipients of the alleged CAS confidential information. As third party recipients, they are in law not under any duty of confidentiality unless they know of or are willfully blind to the confidentiality. (see *Valeo Vision S.A. v. Flexible Lamps Ltd* [1995] RPC 205 and *Thomas v. Pearce* [2000] FSR 718). The plaintiff's supporting affidavit are completely lacking in this respect.

[70] It is a cardinal rule that an injunction must be framed in such a way that the defendants will know with certainty what they are or are not allowed to do. In *Potters-Ballotini Ltd v. Weston-Bake* [1977] RPC 202 at 206 and *Lawrence David Ltd v. Ashton* [1991] 1 All ER 385 at 393 applications for interlocutory injunctions to restrain alleged misuse of confidential information which was insufficiently defined were refused for that reason alone. Similarly in the instant case, the plaintiff's pleadings and evidence were insufficiently specific, precise and cogent. Therefore the plaintiff is not entitled to any interlocutory injunction.

Further Interlocutory Order

[71] In so far as the further interlocutory orders requiring the defendants to divulge the identity of their customers and their stock level as well as to surrender any documents purportedly relevant to the plaintiff's claim, the court is of the view that the plaintiff is not entitled to these for until liability is proven against the defendants. Such information and particulars are confidential business information to the defendants which they are entitled to treat as such in law. List of customers, matters relating to specific goods, their specifications, and discount granted, special requirements are of real importance to the success of the defendants. Until the defendants are found liable to the plaintiff, the plaintiff cannot be allowed to use such confidential information as a springboard advantage. In *Lansing Linde Ltd v. Kerr* [1991] 1 All ER 418, the Court of Appeal held that a trade secret is not confined to secret information about the manufacture of products, but can include highly confidential information of a commercial non-technical or non-scientific nature such as customers' names.

A

Conclusion

[72] Based on the above considerations, the court is satisfied that there is no proprietary interest that may be legitimately claimed by the plaintiff over the functional attributes of its many plate heat exchangers, the pattern (chocolate and herringbone) or any copyright in the CAS Program or any confidential information howsoever arising out of or inherent in the plate heat exchangers or the CAS Program.

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[73] In the premises, the plaintiff's application *vide* encl. 4 is dismissed with costs.

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